

EXECUTIVE SECRETARIAT
ROUTING SLIP

*Memo
Chrono*

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI		X (w/o atts)		
2	DDCI	X	(w/DDA4153-85 & ER4709/3-85)		
3	EXDIR	X	(w/o atts)		
4	D/ICS				
5	DDI				
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/OLL				
14	D/PAO				
15	D/PERS				
16	VC/NIC				
17					
18					
19					
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21					
22					

SUSPENSE _____
Date _____

Remarks

Executive Secretary

16 DEC 85

Date

3637 (10-81)

Executive Registry	
STAT	
85-	4709/4 ✓

16 December 1985

MEMORANDUM FOR: Deputy Director of Central Intelligence
Executive Director

FROM: Director of Central Intelligence

SUBJECT: Grace Commission Survey of CIA

1. I think your point on having a Grace Commission-like survey here is a good one. I am thinking of compromising by trying them out on the office of the DCI. Their work on Health and Human Services reduced the Secretary's office from 5,000 to 2,000 and made it more efficient. In five years, I haven't figured out what all the people in the DCI's office do and I am embarrassed by it.

2. What do you think?



William J. Casey



EYES ONLY

6 December 1985

NOTE FOR: DCI
DDCI

FROM : EXDIR

SUBJECT : Grace Commission Survey of CIA

I must be among the last to hear about this in any detail. I believe it is a mistake for several reasons:

- Our experience is that efforts of this type generate an incredible amount of work and hardly ever yield a commensurate result. The admittedly limited exposure I have had to the Grace Commission's work elsewhere is not at all encouraging.
- The DO and the S&T will (properly I think) deny these folks access to anything meaningful on security grounds. The bulk of the Commission's work will, therefore, likely fall on the DI and the DA as it did, for example, when the Church and Pike Committees looked at very similar issues a few years back.
- This doesn't address any of our real problems. I don't pretend we won't get some useful ideas. We will. It's always good to get some outside perspective. But I think the troops who will, as always, bear the brunt of this effort will properly be concerned about the diversion of effort at all levels away from real problems. The series of leaks of sensitive information that we continue to suffer seem to me to be far more damaging and costly than any efficiency we may possibly realize as a result of this group's efforts.
- We have, for the last 40 years, held the GAO and their armies of auditors at bay because of intense concern over the security implications of detailed internal scrutiny. I believe the charter which is suggested in the attached memo will cause the GAO to ask us again why they should not be permitted to carry out the same kinds of examinations of us that we suggest the Grace Commission do. There are SSCI and HPSCI members and staff who will be happy to add fuel to this fire.

EYES ONLY

EYES ONLY

- While Harry properly suggests the proposed charter for this group be focused on a few limited areas, in fact I don't find anything very "limiting" about the charter which is suggested here. Frankly, the definitions which have been suggested will allow the group to roam widely in our organization, throughout the entire DI, all of the DA, and important chunks of the DO and DS&T.

I don't see any reason we need to be defensive about not participating in a government-wide effort like the Grace Commission's work. We are a security organization with unusual needs and imperatives. If, however, you are convinced that the realities demand some concentrated attention by our people on these issues, I would suggest instead that you detach a reasonably senior Agency officer from his current position and establish an internal task force, charged by you to make specific recommendations in certain specific areas narrowly focused on efficiency-related questions.



EYES ONLY

Central Intelligence Agency



Washington, D.C. 20505

Mr. J. Peter Grace
Chairman of the President's Private Sector Survey
on Cost Control in the Federal Government
1511 K Street, N.W.
Suite 540
Washington, D.C. 20005

Dear Peter:

Following up on our meeting of 3 December, I invite you to bring in a team to perform an efficiency and personnel and cost control survey at the Central Intelligence Agency (CIA). I believe that in order to get a better focus and concentration in this survey, it is best to select a few subjects where the payoff may be high. I propose the following functions, however, there may be additional ones identified as the survey progresses.

- o Intelligence planning and direction
- o Intelligence processing
- o Intelligence production
- o Agency organization
- o Research and development
- o Automated data processing and communications
- o Financial and budget processes

Because there is no way to separate sensitive operational aspects from administrative and managerial functions, it will be necessary that each survey team member be processed for top secret security clearances requiring background investigations, national agency checks, and polygraphing. The survey team will not review sensitive aspects of the Directorate of Operations (DO) and the Directorate of Science and Technology (DS&T). This includes covert action and paramilitary activity in the DO and technical collection in the DS&T.

We no doubt have new opportunities for increased efficiencies and personnel and cost savings here at the CIA. Your survey should assist us in identifying them. We will help your survey team in this endeavor in every way possible. I look forward to hearing from you.

Yours,

William J. Casey
Director of Central Intelligence